

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P.O. Box 942850
Sacramento, CA 94250-5878

DATE: June 19, 2002

PAYROLL LETTER # 02-019

TO: All Agencies and Campuses in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief
Personnel/Payroll Services DivisionRE: **NAMES AND SOCIAL SECURITY NUMBER (SSN) VERIFICATION**

The Internal Revenue Service (IRS) will begin to assess penalties to employers filing Forms W-2 with mismatched names and SSNs for tax year 2002 and thereafter. Penalty Notices will be issued starting in June 2004 for the tax year 2002 Forms W-2s. The penalty carries a maximum rate of \$50 per incorrect form.

Employers (agencies/campuses) who report incorrect employee information will be financially accountable. Under federal law, employers are responsible for any submission of mismatched names and SSNs reflected on the Form W-2. The State Controller's Office will bill the employing agencies/campuses for any appropriate assessed penalties and remit these funds to the IRS.

Per the Social Security Administration (SSA), employer submission of mismatched names and SSNs reported via Form W-2 is a serious problem. Approximately \$327 billion cannot be properly posted to SSA's employee Individual Wage Records. SSA uses Individual Wage Records to calculate all Social Security benefits. To combat this national problem, the IRS initiated the above penalty process.

Agencies and campuses are encouraged, as a normal business practice, to use the SSA's Employee Verification System as outlined in the Personnel Administrative Manual (PAM) and Personnel Information Management System (PIMS) manual. The SSA offers two convenient methods to verify employee names/SSNs. Both methods are free:

- To verify up to 5 names/SSNs -- call SSA's toll-free number for employers - 1-800-772-6270 weekdays from 7:00 a.m. to 7:00 p.m. EST. You will be asked to provide the Employer Name and Identification Number (State Controller, State of California - 946001347). Then you will be asked to provide the following information for each name/SSN you want to verify:
 1. SSN,
 2. last name,
 3. first name,
 4. middle initial (if applicable),
 5. date of birth, and
 6. gender.
- To verify up to 50 names/SSNs -- Submit a paper listing containing the data listed above to your local Social Security Office. Some offices accept faxed listings. To find the office nearest you, please check your local phone book.

If an employee's name and SSN do not match SSA's records, instruct the employee to call SSA at (800) 772-1213. An interim SSN should be used until the employee provides a correct name and SSN. This office encourages you to use these services for each new hire prior to entering information into the Employment History Data Base.

For questions regarding this letter, please contact Chuck Eiferle at (916) 322-8115, e-mail ceiferle@sco.ca.gov.

RZ:TSS:CE